



Property Assessed Clean Energy (PACE)

How It Works

The Challenge & PACE As A Solution

- Nearly half the energy consumed, and three quarters of the electricity generated in the United States is used to heat, cool, light, and otherwise operate homes and buildings.
- Most of this energy is created by burning fossil fuel, so reducing its consumption in a meaningful way will depend on reducing energy.
- A number of barriers (costs, financing options) have limited wide-scale adoption of energy efficiency and renewable energy measures.
- PACE overcomes challenges that have hindered adoption of energy efficiency and renewable energy projects. (upgrade heating, air conditioning, insulation, weather sealing, solar)
- PACE financing solves the upfront cost barrier by providing 100% financing for project costs. Long-term repayment of up to 20 years makes longer payback projects immediately cash flow positive.

How Does it Work?



- California adopted legislation (AB 811) to allow local governments to offer PACE financing as an option to its residents and businesses.
- Individual local governments (i.e. Sonoma County, Placer County, Los Angeles County) or joint powers authorities (i.e. CMFA, WRCOG, CSCDA) implement PACE programs.
- **Different models:** Some local governments handle the administration themselves, others engage third party administrators.
- **Funding:** Some self-fund through the local government agency and others use outside private investors to fund PACE loans.

How Does it Work? (cont.)

- **Applications** – Property owners work with local contractors for the purchase and installation of qualified items to be installed.
- **Approvals** – The local government agency or joint powers authority are required to approve and sign off on each transaction. Third party administrators do not have independent authority to approve assessments.
- **Assessment** – The assessment is levied by the local government or joint powers authority working directly with each county.

Protections for Residents and Businesses Accessing PACE

- AB 2693, signed by Governor Brown on September 25, 2016 implements consumer protection policies in the form of disclosures and required practices for PACE offerings.
- Most PACE programs offered by local governments and joint powers authorities have adopted stringent consumer protection policies that supplement the requirements of AB 2693.
- PACE programs have or are in the process of auditing program administrators, and measuring the benefits of



Mechanics of a PACE Assessment

- PACE Assessments are similar to the traditional land secured financings (i.e. Assessment Districts).
- Annual PACE Assessments are generally collected in the same matter and at the same time as general property taxes.



Mechanics of a PACE Assessment

- PACE Assessments are subject to judicial foreclosure
 - Accelerated Foreclosure
 - Priority Lien Position
 - Delinquency Notices
 - Removal of delinquent assessment from the County tax roll



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